

1 JOHN M. APPELBAUM, SBN 149643
Chief of Enforcement
2 WILLIAM L. WILLIAMS, JR., SBN 99581
Assistant Division Chief
3 KOURTNEY C. VACCARO SBN 173558
Commission Counsel
4 **FAIR POLITICAL PRACTICES COMMISSION**
428 J Street, Suite 620
5 Sacramento, CA 95814
Telephone: (916) 322-5660
6 Facsimile: (916) 322-1932

7 Attorneys for Plaintiff Fair Political
Practices Commission
8

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CODE SECTION 6103 PH 3: 57

LEGAL PROCESS #1

9
10 SUPERIOR COURT OF THE STATE OF CALIFORNIA
11 IN AND FOR THE COUNTY OF SACRAMENTO

12 FAIR POLITICAL PRACTICES COMMISSION,)
13 a state agency,)

14 Plaintiff,)

15 v.)

16 CHAD M. CONDIT, individually and as treasurer)
17 of JUSTICE PAC; CADEE P. CONDIT, and)
JUSTICE PAC,)

18 Defendants.)
19

Case No. 06AS00116

COMPLAINT FOR CIVIL
PENALTIES UNDER THE
POLITICAL REFORM ACT OF 1974,
AS AMENDED

(Government Code §§ 89521, 91001(b),
and 91005)

UNLIMITED CIVIL ACTION

20 Plaintiff Fair Political Practices Commission, a state agency, alleges as follows:

21 **INTRODUCTION**

22 Plaintiff brings this action in the public interest to enforce the provisions of the Political
23 Reform Act of 1974 (the "Act") (Gov. Code §§ 81000 - 91014). The Act, adopted as a statewide
24 initiative, "should be liberally construed to accomplish its purposes." (Gov. Code § 81003.)

25 2. This Complaint concerns Defendants' illegal personal use of Defendant Justice PAC's
26 funds from March 11, 2002 to June 30, 2003. The purported mission of Defendant Justice PAC was to
27 explore then-Congressman Gary Condit's press coverage. Using this guise, Defendants Chad M. Condit
28 and Cadee P. Condit illegally diverted Defendant PAC's funds for personal use. As a result of

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SACRAMENTO, CALIF.

1 Defendants' scheme, Defendants Chad M. Condit and Cadee P. Condit illegally received \$226,000 in
2 payments from Defendant Justice PAC for no discernable work. In a little more than a year (from
3 February 17, 2002 to June 30, 2003), because of the unlawful actions of Defendants, Justice PAC went
4 from having \$270,793 in cash-on-hand to just \$1,513.87. Under the Act, Defendants are liable for up to
5 three times the amount of expenditures illegally made and received.

6 3. Venue is proper and this court possesses the requisite jurisdiction for reasons that include,
7 but are not limited to, the following: (1) Plaintiff has primary responsibility for the impartial, effective
8 administration and implementation of the Act (Gov. Code § 83111); (2) Plaintiff is authorized to pursue
9 civil actions against all persons who make or receive an honorarium, gift, or expenditure in violation the
10 Act, and the causes of action alleged herein involve several such violations of the Act (Gov. Code §
11 89251); (3) Plaintiff is the civil prosecutor for matters involving state committees and state election
12 campaigns, and is expressly authorized to bring this lawsuit because the causes of action alleged herein
13 involve violations of the Act that include, but are not limited to, the unlawful making and receiving of
14 contributions, gifts, or expenditures. (See, e.g., Gov. Code §§ 91001, subd. (b), 91005, subd. (a),
15 91005.5.)¹; (4) Each cause of action alleged herein arose in whole or in part in the County of
16 Sacramento, California and, directly involves Plaintiff's statutory authority to impose and recover
17 penalties for violations of the Act (See, e.g., Code Civ. Proc., §393, subd. (a).); (5) Each cause of action
18 alleged herein arose in connection with statutorily-mandated campaign statements filed with the
19 Secretary of State, which designated an address in the County of Sacramento, California, as Defendant
20 Justice PAC's place of business; and (6) during a significant portion of the time period complained of
21 herein, all financial transactions of Defendant Justice PAC were conducted from a bank account located
22 in the County of Sacramento, California.

23
24
25 ¹ Government Code § 91001, subd. (b), provides in pertinent part: "The civil prosecutor is the
26 Commission with respect to the state or any state agency. . . ."; Government Code § 91005 provides in
27 pertinent part: "Any person who makes or receives a contribution, gift, or expenditure in violation of
28 [Political Reform Act] Section 84300, 84304, 86203, or 86204 is liable in a civil action brought by the
civil prosecutor"; and Government Code § 91005.5 provides in pertinent part: "Any person who
violates any provision of this title, except Sections 84305, 84307, and 89001, for which no specific
penalty is provided, shall be liable in a civil action brought by the commission"].

PARTIES

PLAINTIFF FAIR POLITICAL PRACTICES COMMISSION

4. Plaintiff Fair Political Practices Commission (the "Commission") is a state agency created by the Act. Plaintiff Commission has primary responsibility for the impartial, effective administration and implementation of the Act. (Gov. Code § 83111.) Pursuant to Government Code section 91001, subdivision (b), Plaintiff Commission is the civil prosecutor for matters involving state committees and state election campaigns, and is authorized to maintain this action under Government Code sections 91001, subdivision (b), 91004, 91005, and 91005.5. Pursuant to Government Code section 89521, the Commission may bring a civil action in superior court for violations of the ethics provisions of the Act. (Gov. Code § 89500, et seq.)

DEFENDANT JUSTICE PAC

5. Defendant Justice PAC was formed on or about December 22, 1999, under the name "Keep California Golden." On or about December 22, 1999, Keep California Golden qualified as a recipient committee because it received \$1000 or more in contributions during the calendar year. (Gov. Code § 82013, subd. (a).) In its statement of organization filed with the California Secretary of State, Keep California Golden was designated as a "general purpose" committee within the meaning of Government Code section 82027.5, to explore then-Congressman Gary Condit's opportunities to run for state office and to pursue issues of importance to him at the state level. From January 1, 2000, through February 16, 2002, Keep California Golden raised funds and used them to make contributions to various state ballot measures and candidates. Jerry Hallisey was the treasurer of Keep California Golden from January 1, 2000 through February 16, 2002. As of February 16, 2002, Keep California Golden had a balance on hand of \$270,793.69.

6. On or about March 11, 2002, the committee name of Keep California Golden was changed to the Justice PAC. As a state general-purpose committee, Defendant Justice PAC was required to file the original and a copy of each of its campaign statements with the Office of the California Secretary of State in the County of Sacramento California. (Gov. Code § 84215, subd. (a)(1).)

1 DEFENDANT CHAD M. CONDIT

2 7. Defendant Chad M. Condit ("Defendant Chad Condit") is the son of Gary Condit, for
3 whose purposes Keep California Golden and/or Justice PAC were formed, as set forth in paragraphs 5
4 and 6 above, and the brother of Defendant Cadee P. Condit. Through a letter dated March 11, 2002,
5 Gary Condit replaced the treasurer of Keep California Golden with his son, Defendant Chad Condit, and
6 simultaneously changed the name of Keep California Golden to the Justice PAC, as referenced in
7 paragraph 5 above. From that point on, Defendant Chad Condit authorized every expenditure made by
8 Defendant Justice PAC until Defendant Justice PAC was terminated as a committee approximately three
9 years later on March 15, 2005.

10 8. As set forth herein, between March 1, 2002, and June 30, 2003, Defendant Chad Condit
11 made and received unlawful expenditures from the Defendant Justice PAC for which he is liable in a
12 civil action. (Gov. Code § 89521.)

13 DEFENDANT CADEE P. CONDIT

14 9. Defendant Cadee P. Condit (Defendant Cadee Condit) is the daughter of Gary Condit, for
15 whose purposes Keep California Golden and/or Justice PAC were formed as set forth in paragraphs 5
16 and 6 above, and the sister of Defendant Chad Condit.

17 10. As set forth herein, between March 11, 2002, and December 31, 2002, Defendant Cadee
18 Condit received unlawful expenditures from the Defendant Justice PAC for which she is liable in a civil
19 action. (Gov. Code § 89521.)

20 PROHIBITION AGAINST PERSONAL USE OF CAMPAIGN FUNDS UNDER THE ACT

21 11. Expenditures by a general purpose recipient committee, such as Defendant Justice PAC,
22 must "be *reasonably* related to a political, legislative, or governmental purpose of the committee."
23 (Gov. Code § 89512.5, subd. (a), italics added.) However, "[a]ny expenditure by a committee that
24 confers a substantial personal benefit on any individual or individuals with authority to approve the
25 expenditure of campaign funds held by the committee, shall be *directly* related to a political, legislative,
26 or governmental purpose of the committee." (Gov. Code § 89512.5, subd. (b), italics added.)
27 "Substantial personal benefit" means a "direct personal benefit with a value of more than two hundred
28 dollars (\$200)...." (Gov. Code § 89511, subd. (b)(3).)

1 12. Campaign funds are prohibited from being used "to compensate any individual or
2 individuals with authority to approve the expenditure of campaign funds for the performance of
3 political, legislative, or governmental activities, except as provided in subdivision (b) of section 89513
4 and for reimbursement of out-of-pocket expenses incurred for political, legislative, or governmental
5 purposes." (Gov. Code § 89518, subd. (b).) Government Code section 89513, subdivision (b)(1) states:

6 "(b) Campaign funds shall not be used to pay for or reimburse the cost of
7 *professional* services unless the services are *directly related* to a political,
8 legislative, or governmental purpose.

9 "(1) Expenditures by a committee to pay for professional services
10 reasonably required by the committee to assist it in the performance of its
11 *administrative functions* are *directly related* to a political, legislative, or
12 governmental purpose." (Italics added.)

13 **PROHIBITION AGAINST CASH EXPENDITURES UNDER THE ACT**

14 13. Committees are prohibited from making expenditures of \$100 or more in cash. (Gov.
15 Code § 84300, subd. (b).)

16 **CIVIL LIABILITY**

17 14. Government Code section 89521 provides that any person who makes or receives an
18 expenditure in violation of the provisions of the Act pertaining the use of campaign funds, which include
19 Government Code sections 89512.5 and 89518 as set forth above, is liable in a civil action brought by
20 the Commission for an amount of up to three times the amount of the unlawful expenditure.

21 15. Government Code section 91005 provides that any person who makes or receives an
22 expenditure in violation of Government Code section 84300 is liable for an amount of up to one
23 thousand dollars (\$1000) or three times the amount of the expenditure, whichever is greater.

24 **TREASURER LIABILITY**

25 16. It is the duty of a committee's treasurer to ensure that the committee complies with all of
26 the requirements of the Act concerning the receipt and expenditure of funds, and the reporting of such
27 funds. (Gov. Code §§ 81004, subd. (b) and 84100, as implemented by Cal. Code Regs., tit. 2, § 18427,
28 subd. (a).) A committee's treasurer may be held jointly and severally liable, along with the committee,
for violations of the Act committed by the committee. (Gov. Code § 91006.)

GENERAL ALLEGATIONS RELATING TO ALL CAUSES OF ACTION

DEFENDANTS' PERSONAL USE OF CAMPAIGN FUNDS

17. During the summer of 2001, then-Congressman Gary Condit was the subject of widespread-news coverage relating to the disappearance of Chandra Levy, a Washington D.C. intern. In August of 2001, Defendants Chad and Cadee Condit resigned from their employment with the administration of then-Governor Gray Davis in a show of support for their father.

18. As described in paragraph 6, on March 11, 2002, Defendant Chad Condit became the treasurer of Keep California Golden, and on that date, the name of the committee was changed to the Justice PAC. The change in the name of the committee coincided with a change in the mission of the committee when Defendant Chad Condit decided to reframe the new mission for Defendant Justice PAC to examine the press coverage of then-Congressman Condit in relation to Ms. Levy's disappearance. To accomplish this new purported mission, Defendant Chad Condit contends that Defendant Justice PAC intended to make a documentary film about the press coverage of then-Congressman Condit.

19. As the newly-appointed treasurer, on or about March 25, 2002, Defendant Chad Condit authorized Defendant Justice PAC to begin compensating Defendant Cadee Condit for consulting services for producing the documentary film, and at that time authorized a payment of \$60,000 to her. Defendants Chad and Cadee Condit were the primary persons employed by the Defendant Justice PAC to make the documentary film. Neither Defendant Chad nor Defendant Cadee Condit had any experience in making a documentary film.

20. After Defendant Chad Condit became treasurer of the Justice PAC, in a little more than a year (from February 17, 2002, through June 30, 2003) the cash balance on hand for Defendant Justice PAC went from \$ 270,793.69 to \$1,513.87, with payments totaling \$226,000 having been made by the Justice PAC to Defendants Chad and Cadee Condit for services in making the documentary film during that time period. All payments made by Defendant Justice PAC during that time, including those to Defendants Chad and Cadee Condit, were authorized by Defendant Chad Condit, as the treasurer of Defendant Justice PAC.

21. Defendant Justice PAC and Defendant Chad Condit did not maintain any records of the time spent by either Defendant Chad Condit or Defendant Cadee Condit in working on the documentary

film or providing any services to Defendant Justice PAC to substantiate the basis for the payments made to them. During the time period that they were receiving payments, March 11, 2002 through June 30, 2003, from the Defendant Justice PAC, Defendants Chad and Cadee Condit generated no documentary film or other discernable work product for the payments which they received

CASH EXPENDITURES AND BONUSSES

22. On or between October 23, 2002, and March 5, 2003, Defendant Chad Condit authorized Defendant Justice PAC to make 24 cash expenditures of \$100 or more totaling \$59,693, including \$44,518 in cash payments to himself of which \$3,018 was paid as "Christmas" bonuses to himself; and \$10,000 in cash payments to Defendant Cadee Condit, of which \$3,000 was paid as a "Christmas" bonus to her. These cash expenditures were made by cash withdrawals from Defendant Justice PAC's bank account by Defendant Chad Condit.

23 On or about March 15, 2005, the Justice PAC, with a balance close to zero, was terminated as a committee.

FIRST CAUSE OF ACTION

(Violation of Government Code section 89512.5, subdivision (b): Expenditures authorized by Defendant Chad Condit and made by Defendant Justice PAC to Defendant Chad Condit that were not directly related to a political, legislative, or governmental purpose.)

24. Plaintiff re-alleges, and incorporates herein, paragraphs 1 through 23, as though set forth at length.

25. On or between March 11, 2002 and June 30, 2003, Defendant Chad Condit authorized Defendant Justice PAC to make, and Defendant Justice PAC did make, expenditures totaling \$126,500 to Defendant Chad Condit. These expenditures were not directly related to a political, legislative, or governmental purpose. Defendant Chad Condit had no qualifications to perform the services for the committee for which he was compensated, did not produce any discernable work product in relation to expenditures made to him, and did not provide compensable goods and services to Defendant Justice PAC. The \$126,500 in expenditures made by Defendant Justice PAC to Defendant Chad Condit were for personal use.

26. By authorizing expenditures to be made by Defendant Justice PAC to Defendant Chad Condit that were not directly related to a political, legislative, or governmental purpose, Defendant Chad Condit violated Government Code section 89512.5, subdivision (b).

27. By making expenditures to Defendant Chad Condit that were not directly related to a political, legislative, or governmental purpose, Defendant Chad Condit and Defendant Justice PAC violated Government Code section 89512.5, subdivision (b).

28. By receiving expenditures from Defendant Justice PAC that were not directly related to a political, legislative, or governmental purpose, Defendant Chad Condit violated Government Code section 89512.5, subdivision (b).

SECOND CAUSE OF ACTION

(Violation of Government Code section 89512.5, subdivision (a): Expenditures authorized by Defendant Chad Condit and made by Defendant Justice PAC to Defendant Cadee Condit that were not reasonably related to a political, legislative, or governmental purpose.)

29. Plaintiff re-alleges, and incorporates herein, paragraphs 1 through 23, as though set forth at length.

30. On or between March 11, 2002 and December 31, 2002, Defendant Chad Condit authorized Defendant Justice PAC to make, and Defendant Justice PAC did make, expenditures totaling \$99,500 to Defendant Cadee Condit. These expenditures were not reasonably related to a political, legislative, or governmental purpose. Defendant Cadee Condit had no qualifications to perform the services for the committee for which she was compensated, did not produce any discernable work product in relation to expenditures made to her, and did not provide compensable goods and services to Defendant Justice PAC. The \$99,500 in expenditures made by Defendant Justice PAC to Defendant Cadee Condit were for personal use.

31. By authorizing expenditures to be made by Defendant Justice PAC to Defendant Cadee Condit that were not reasonably related to a political, legislative, or governmental purpose, Defendant Chad Condit violated Government Code section 89512.5, subdivision (a).

32. By making expenditures to Defendant Cadee Condit that were not reasonably related to a political, legislative, or governmental purpose, Defendant Chad Condit and Defendant Justice PAC violated Government Code section 89512.5, subdivision (a).

1 33. By receiving expenditures from Defendant Justice PAC that were not reasonably related
2 | to a political, legislative, or governmental purpose, Defendant Cadee Condit violated Government Code
3 section 89512.5, subdivision (a).

4 **THIRD CAUSE OF ACTION**

5 **(Violation of Government Code section 89518 subdivision (b): Use of Defendant Justice PAC's**
6 **funds authorized by Defendant Chad Condit to compensate Defendant Chad Condit that were not**
7 **directly related to a political, legislative, or governmental purpose.)**

8 34. Plaintiff re-alleges, and incorporates herein, paragraphs 1 through 23, as though set forth
9 | at length.

10 35 On or between March 11, 2002 and June 30, 2003, Defendant Chad Condit authorized
11 Defendant Justice PAC to make, and Defendant Justice PAC did make, expenditures totaling \$126,500
12 | as compensation to Defendant Chad Condit. These expenditures were not directly related to a political,
13 legislative, or governmental purpose. They were not made to pay for professional services reasonably
14 required by Defendant Justice PAC to assist it in the performance of its administrative functions. The
15 \$126,500 in expenditures made by Defendant Justice PAC to Defendant Chad Condit were instead used
16 | by him for personal use.

17 36. By authorizing expenditures to be made by Defendant Justice PAC to Defendant Chad
18 Condit for compensation for professional services that were not directly related to a political, legislative,
19 | or governmental purpose, Defendant Chad Condit violated Government Code section 89518,
20 subdivision (b).

21 37. By making expenditures to Defendant Chad Condit for professional services that were
22 not directly related to a political, legislative, or governmental purpose, Defendant Chad Condit and
23 Defendant Justice PAC violated Government Code section 89518, subdivision (b).

24 38. By receiving expenditures from Defendant Justice PAC that were not directly related to a
25 political, legislative, or governmental purpose, Defendant Chad Condit violated Government Code
26 section 89518, subdivision (b).
27
28

FOURTH CAUSE OF ACTION

(Violation Government Code Section 84300, subdivision (b): Making or receiving cash expenditures of \$100 or more by Defendant Chad Condit and Defendant Justice PAC.)

39. Plaintiff re-alleges, and incorporates herein, paragraphs 1 through 23, as though set forth at length.

40. On or between October 23, 2002, and March 5, 2003, Defendant Chad Condit authorized Defendant Justice PAC to make 24 cash expenditures of \$100 or more totaling \$59,693.

41. On or between October 23, 2002, and March 5, 2003, Defendant Chad Condit received cash expenditures of \$100 or more from Defendant Justice PAC.

42. On or between October 23, 2002, and March 5, 2003, Defendant Cadee Condit received cash expenditures of \$100 or more from Defendant Justice PAC.

43. By authorizing 24 cash expenditures of \$100 or more to be made by Defendant Justice PAC, Defendant Chad Condit violated Government Code section 84300, subdivision (b).

44. By making 24 cash expenditures of \$100 or more, Defendant Chad Condit and Defendant Justice PAC violated Government Code section 84300, subdivision (b).

45. By receiving cash expenditures of \$100 or more, Defendant Chad Condit and Defendant Cadee Condit violated Government Code section 84300, subdivision (b).

WHEREFORE, Plaintiff prays for judgment against Defendants as follows:

1. A monetary award payable to the "General Fund of the State of California" against Defendant Chad Condit, individually, in the amount of \$892,554.00, according to proof. More particularly, Plaintiff seeks an award in the amount of \$379,500.00 for unlawful receipt of expenditures in violation of Government Code section 89512.5, an award in the amount of \$379,500.00 for unlawful receipt of expenditures in violation of Government Code section 89518, and an award in the amount of \$133,554.00 for unlawful receipt of cash expenditures in violation of Government Code sections 84300 and 91005.

2. A monetary award payable to the "General Fund of the State of California" against Defendant Cadee P. Condit in the amount of \$328,500.00, according to proof. More particularly, Plaintiff seeks an award in the amount of \$298,500.00 for unlawful receipt of expenditures in violation

1 of Government Code section 89512.5 and an award of \$ 30,000.00 for unlawful receipt of cash
2 expenditures in violation of Government Code sections 84300 and 91005.

3 3. A monetary award payable to the "General Fund of the State of California" for which
4 Defendant Justice PAC and Defendant Chad Condit, as treasurer of Justice PAC, are jointly and
5 severally liable, in the amount of \$ 1,236,579.00, according to proof. More particularly, Plaintiff seeks
6 an award in the amount of \$678,000.00 for the unlawful making of expenditures in violation of
7 Government Code section 89512.5, an award in the amount of \$379,500.00 for the unlawful making of
8 expenditures in violation of Government Code section 89518, and an award in the amount of
9 \$179,079.00 for the unlawful making of cash expenditures in violation of Government Code sections
10 84300 and 91005.

11 4. For such other and further relief as the Court may deem proper.
12

13 Dated: January 10, 2006

FAIR POLITICAL PRACTICES COMMISSION

14 By: 

15 William E. Williams, Jr.
16 Attorney for Plaintiff
Fair Political Practices Commission